

An act to amend Section 51622 of, to add Section 50912.5 to, and to repeal Sections 51618 and 51619 of, the Health and Safety Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 50912.5 is added to the Health and Safety Code, to read:

50912.5. There shall be within the agency a director of enterprise risk management and compliance appointed by the Governor and serving at the pleasure of the executive director of the agency. The director of enterprise risk management and compliance shall assist in the implementation of processes, tools, and systems to identify, assess, measure, manage, monitor, and mitigate risks related to the development of new programs or changes to existing law or regulations that may result in new or increased risk to the agency, as well as other duties as may be required by the executive director.

SEC. 2. Section 51618 of the Health and Safety Code is repealed.

~~51618. There shall be within the agency a Director of Insurance of the fund, appointed by the Governor and serving at the pleasure of the executive director. The Director of Insurance of the fund shall demonstrate knowledge of, and expertise in, mortgage insurance. The Director of Insurance of the fund shall manage and conduct the business and affairs of the insurance fund under the direction and supervision of the agency, and shall perform any other duties as the executive director prescribes.~~

SEC. 3. Section 51619 of the Health and Safety Code is repealed.

~~51619. The agency may delegate to the Director of Insurance of the fund, under the resolutions of the board and subject to the conditions as it from time to time prescribes, any power, function, or duty conferred by law on the agency in connection with the administration, management, and conduct of the business and affairs of the insurance fund. The Director of Insurance may exercise the powers and functions and~~



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~~perform the duties with the same force and effect as the executive director, but subject to his or her approval.~~

SEC. 4. Section 51622 of the Health and Safety Code is amended to read:

51622. (a) The agency may contract with any private person or public agency for review of the administration of this part and for assistance in implementing this part.

(b) The agency shall prepare a biennial report on the condition of the program of loan and bond insurance authorized by this part. The report of the evaluation shall include an evaluation of program effectiveness in relation to cost and shall include recommendations and suggested legislation for the improvement of the program, if any. The agency shall obtain an annual ~~audit~~ agreed-upon procedures engagement of the insurance fund's books and accounts with respect to its activities under this part to be made at least once for each calendar year by an independent certified public accountant. A copy of the annual ~~audit~~ agreed-upon procedures engagement and biennial report shall be transmitted to the Governor, to the chairperson and vice-chairperson of the Senate and Assembly housing policy committees, the Senate and Assembly budget committees, and the Joint Legislative Budget Committee, and made available for review by interested parties no later than November 1 of each year for the annual ~~audit~~, agreed-upon procedures engagement and November 1 biennially for the program evaluation report.

(c) For purposes of this section, the agreed-upon procedures engagement shall be conducted in accordance with the Statements on Standards for Attestation



Engagements Number 10, as issued by the American Institute of Certified Public Accountants.

SEC. 5. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: California Housing and Home Finance Agency.

Existing law establishes the California Housing Finance Agency with a primary purpose of meeting the housing needs of persons and families of low or moderate income. Under existing law, the California Housing Loan Insurance Fund, a continuously appropriated fund, is established for the purpose of insuring loans and bonds, and defraying administrative expenses incurred by the agency in operating these programs of loan and bond insurance, as specified. Existing law establishes within the agency a Director of Insurance of the fund who is required to manage and conduct the business and affairs of the insurance fund, as specified.

This bill would repeal provisions relating to the Director of Insurance of the fund. The bill would instead establish the director of enterprise risk management and compliance within the agency, who would be required to assist in the implementation of processes, tools, and systems to identify, assess, measure, manage, monitor, and



mitigate risks related to the development of new programs or changes to existing law or regulations that may result in new or increased risk to the agency, as specified.

Existing law requires the agency to obtain an annual audit of the insurance fund's books and accounts regarding its activities by an independent certified public accountant, to provide that audit to the Governor, the chairperson and vice-chairperson of the Senate and Assembly housing policy committees, the Senate and Assembly budget committees, and the Joint Legislative Budget Committee, and to make the audit available for review by interested parties no later than November 1 of each year.

This bill would instead require the agency to obtain an annual agreed-upon procedures engagement of the insurance fund's books and accounts, to provide that agreed-upon procedures engagement to the to the Governor, the chairperson and vice-chairperson of the Senate and Assembly housing policy committees, the Senate and Assembly budget committees, and the Joint Legislative Budget Committee, and to make the agreed-upon procedures engagement available for review by interested parties no later than November 1 of each year.

By expanding the purposes of a continuously appropriated fund, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

